

WESTCHESTER TOWN CENTER

PROPERTY BUSINESS IMPROVEMENT DISTRICT MANAGEMENT DISTRICT PLAN

*Prepared November 2010 pursuant to the State of California
Property and Business Improvement District Law of 1994
to renew a Management District in the WestchesterTown Center area , a community within the
City of Los Angeles
By the
Westchester Business Improvement Association
and
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“Westchester Town Center” Property Business Improvement District Management District Plan

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I. INTRODUCTION TO THIS MANAGEMENT DISTRICT PLAN

The Property and Business Improvement District Law of 1994 (Streets & Highways Code Section 36600 *et seq*; hereinafter the “State Law”) authorizes the City of Los Angeles to establish property business improvement districts (“PBIDs”).

This document is the Management District Plan required by Section 36622 of the State Law with respect to the proposed Westchester Town Center Property Business Improvement District in the City of Los Angeles.

II. OVERVIEW OF THE WESTCHESTER TOWN CENTER PROPERTY BUSINESS IMPROVEMENT DISTRICT

A growing coalition of property and business owners and members of the community, have proposed the formation of this Westchester Town Center Property Business Improvement District (“District”) in order to provide improvements and services that revitalize and enhance the area, which is an essential commercial core of the City of Los Angeles. This formation will renew and expand the Westchester Town Center District that was originally created by Ordinance No. 178878 that became effective July 21, 2007.

Name: “Westchester Town Center Property Business Improvement District.”

Location: The proposed District is located in the Westchester community of the City of Los Angeles, and is centered along Sepulveda Boulevard between Los Angeles International Airport and just North of Manchester Boulevard. The West boundary runs along Sepulveda Westway, Westchester Parkway, and La Tijera Boulevard to Manchester Avenue. The East boundary runs along Sepulveda Eastway and La Tijera Boulevard to Manchester Avenue. Refer to the boundary description and map in the “Boundaries / Maps” section of this document for a more complete description of the District’s boundaries.

Services: The proposed District will fund improvements and activities authorized under the State Law. Specifically, the District will provide services in the following categories: (i) ambassador services; (ii) landscape maintenance, sanitation, & beautification; (iii) marketing and promotions; (iv) new business attraction; and, (v) policy development, district management, and administration.

See the “Service Plan / Budget” section of this document for a more specific description of the services, improvements and activities planned for the District.

Method of Financing: The services will be funded through an assessment against real property benefiting from the services. Generally, each parcel fronting on Sepulveda Boulevard will be assessed \$0.0605 per square foot of lot size, \$0.0895 per square foot of improvement size, and \$7.6400 per linear foot of street frontage; and, each parcel fronting on any other street will be assessed \$0.0303 per square foot of lot size, \$0.0447 per square foot of improvement size, and \$3.8200 per linear foot of street frontage.

Any District assessment may be adjusted annually to reflect inflation at a rate not to exceed three percent (3%). In conjunction with required annual proceedings, the Owner’s Association will notify the City of Los Angeles of any proposed inflationary adjustment.

Assessments for the Fiscal Year beginning January 1, 2012 will be collected at the same time and in the same manner as ad valorem taxes paid to the County of Los Angeles.

Please see the “Assessment Formula” section of this document for additional details.

Budget: The proposed District budget is included in the “Service Plan” section of this document.

Bonds: There are no plans for the District to issue bonds.

City Services: The City of Los Angeles will continue its practice of providing municipal services within the proposed District at their present levels, or at such modified levels as may be established in the future, irrespective of District formation. In any case, existing City services will not be replaced or duplicated by new District services.

Duration: As required by the State Law, the District will have a set term of ten (10) years. The District’s term will be January 1, 2012 through December 31, 2021. At the end of this period, the District may be renewed as permitted by law.

III. BUSINESS IMPROVEMENT DISTRICT BOUNDARIES

The Westchester Town Center property business improvement district is centered along Sepulveda Boulevard. The boundaries of the District are shown on the following maps. Additional information regarding these boundaries, and a list of each included parcel, is provided in the Engineer's Report for the District, which is incorporated herein by reference, and included as Appendix 2 of this document.

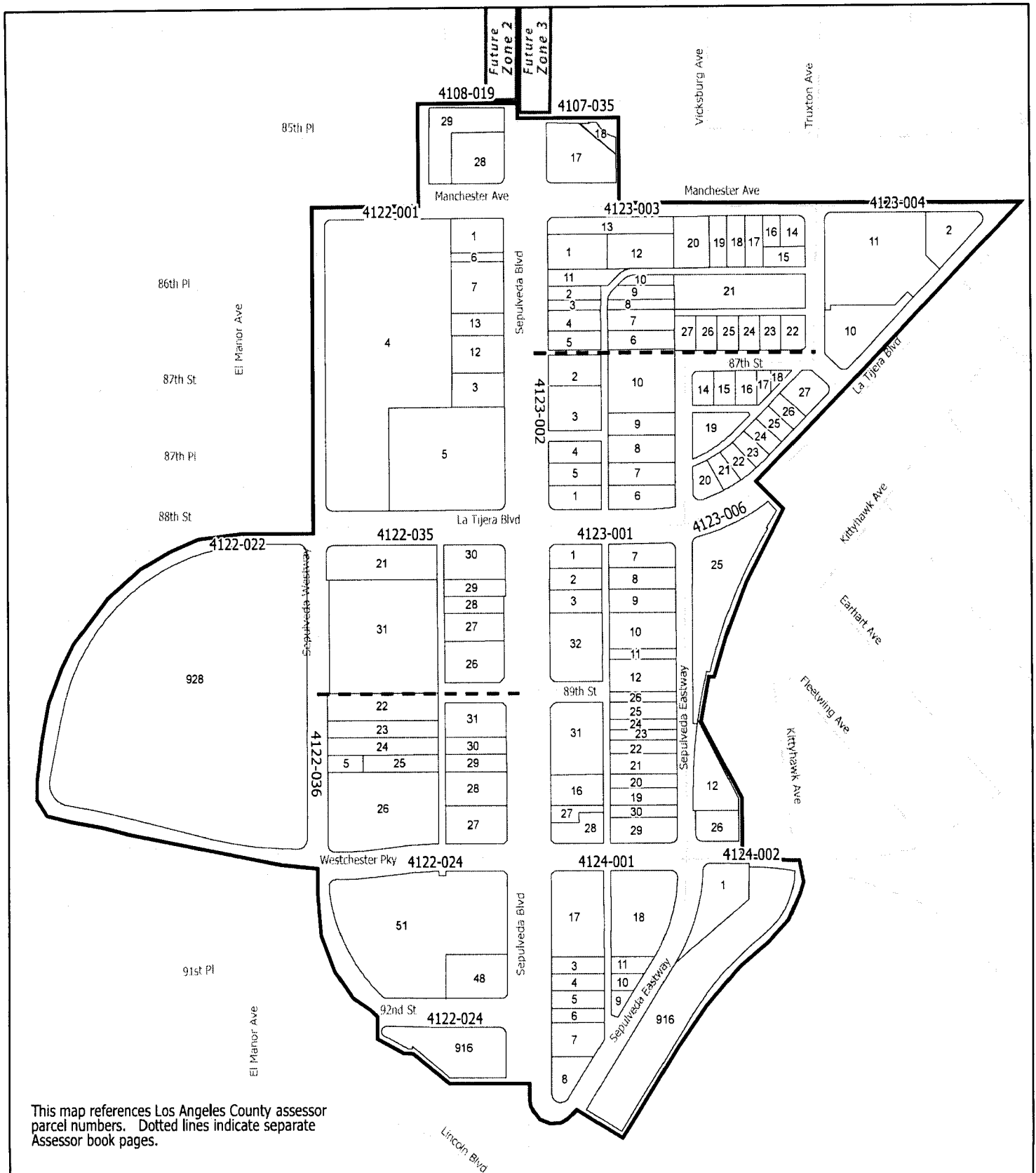
As a supplement to the referenced District maps, the boundaries of the proposed District are described below.

- **Northern Boundary.**
Beginning at the intersection of Manchester Avenue and Sepulveda Westway, East along Manchester Avenue to its intersection with La Tijera Boulevard, including, in addition to all parcels South of Manchester, the commercial retail center having Assessor's Parcel Numbers ("APN") 4108-019-029 and -028 and the medical office building having APNs 4107-035-017 and -018.
- **Eastern Boundary.**
Beginning at the intersection of Manchester Avenue and La Tijera Boulevard, Southwest along La Tijera Boulevard to its intersection with Sepulveda Eastway to its intersection with Sepulveda Boulevard. The following parcels East of La Tijera or Sepulveda Eastway are also included: 4123-004-002, -010, and -011; 4123-006-012, -025, and -026; 4124-002-001 and -916.
- **Southern Boundary.**
Beginning at the intersection of Sepulveda Eastway and Sepulveda Boulevard, North along Sepulveda Boulevard, then West along the South and West boundaries of parcel 4122-024-916 to Sepulveda Westway.
- **Western Boundary.**
Beginning at the point at which the boundary of parcel 4122-024-916 intersects 92nd Street / Sepulveda Westway, North along Sepulveda Westway to its intersection with Manchester Avenue. Parcel 4122-022-928 is also included.

Future Annexation Area

At the time that this Management District Plan is being prepared, the future annexation of a number of small irregular lots to the North of the existing boundary is anticipated in order to create a landscape entry to the District that will enhance visitor and customer traffic. This annexation will be processed as an amendment to this Plan as required by State Law, which will require actions on the part of the annexation parcels owners and no further action on the part of the existing District parcel owners. The costs of any services provided to the annexed area will not be borne by existing District parcel owners.

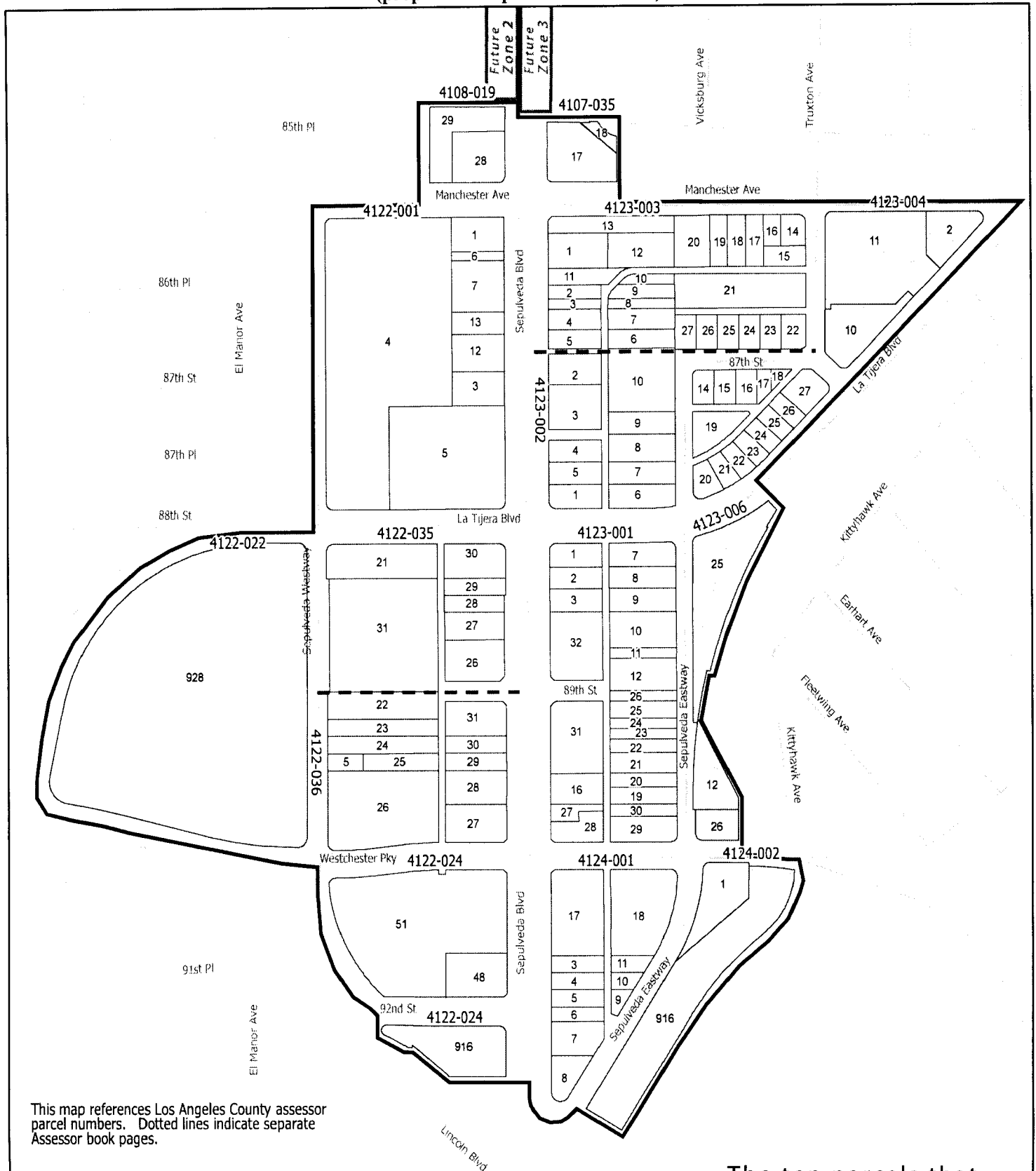
Westchester Town Center PBID Boundary and Parcels



This map references Los Angeles County assessor parcel numbers. Dotted lines indicate separate Assessor book pages.

0 250 500 1,000 Feet

Westchester Town Center PBID Boundary and Parcels (proposed new parcels are shaded)



The ten parcels that
are proposed for
addition are shaded.

IV. PROPOSED PBID SERVICE PLAN / BUDGET – 2012 THROUGH 2021

The District will provide the following services as consistent with the provisions of the State Law: (i) ambassador services; (ii) landscape maintenance, sanitation, & beautification; (iii) marketing and promotions; (iv) new business attraction; and, (v) policy development, district management, and administration.

These services and a multi-year budget for them are described in greater detail below.

The District will operate on a fiscal year that begins on January 1 and ends on December 31 of each calendar year. In years in which annual District assessments do not fully fund all of its costs, funds from its contingency and cash flow reserves may be budgeted to close the gap. The contingency and cash flow reserve is a fund maintained to smooth the timing lag between the time that the District incurs costs and the time that it receives funds. Also, the District may carry forward uncompleted projects or unexpended assessment revenues from prior fiscal years in order to most effectively and efficiently manage its operations. Carryover funds may also be re-budgeted for subsequent fiscal years for any approved District improvements and activities.

The Owners' Association may reallocate up to ten percent (10%) of the total budget amount established for each budget category subject to the review and approval of the City of Los Angeles. Accumulated interest or delinquent assessment payments may be expended for any District purpose.

The following are the key expenditure areas of the service plan / budget:

A. AMBASSADOR SERVICES

Ambassador services programs are intended to improve the comfortable atmosphere and impression of the Westchester Town Center area. A consistent and visible uniformed presence will be provided throughout the District and may be established through any of a variety of transit modes, including but not limited to vehicle, bicycle, or foot patrols. These personnel serve as welcoming "ambassadors" that provide directions or assistance, and a liaison to the City's police services. The ambassador will be deployed at such times and in such a manner as the District deems most effective and efficient. This practice will allow for cost savings when service needs are not present. For the purpose of establishing a budget estimate, one eight-hour shift per day of a single unarmed contract ambassador has been projected.

The Westchester Town Center may also contract for the provision of services or the coordination of services for the homeless in order to improve the welcoming and comfortable atmosphere and impression of the Westchester Town Center District. In the past, the District has contracted with a greater Los Angeles area non-profit organization, People Assisting the Homeless (PATH), to achieve this goal. For the purpose of establishing a budget estimate, the District's historical experience in providing such services has been projected.

The District's Owner's Association may provide parking management or enforcement services as permitted by State Law in order to improve the reality or the perception of comfort, or the availability of parking in the Westchester Town Center District.

These ambassador services activities are intended to increase pedestrian and automobile traffic within the Westchester Town Center area, which will increase commerce and attract and retain new business.

B. LANDSCAPE MAINTENANCE, SANITATION, & BEAUTIFICATION

Maintenance services are intended to establish a uniform standard of operation, maintenance, cleanliness, and beauty throughout the entire Westchester Town Center. Maintenance services may be provided by either staff working for the District or by contractor (s) to the District, or a combination of both. These activities may include, but are not necessarily limited to, the following: sidewalk sweeping; public alley sweeping; sidewalk pressure washing; graffiti removal; street litter pick-up; maintenance of bus shelters and bus stops; planting of new or replacement trees; and, irrigation, operation, and maintenance of landscaping, trees, public art, signage, lighting, and other improvements that may be installed by the District, the City, or other entities. For the purpose of establishing budget estimates, the District's historical experience in providing such services has been projected.

The District's Owner's Association may provide public alley repaving, drainage improvements, or parking lot maintenance services as permitted by State Law.

The District Owner's Association will endeavor to obtain available public or private funding to leverage (or magnify) its assessment revenues for the installation of streetscape, landscape, beautification, and other improvements throughout the District. The District may provide funding for urban design, planning, economics, grant preparation, matching funds, or other efforts to accomplish such improvements.

These landscape maintenance, sanitation, and beautification services are intended to increase pedestrian and automobile traffic within the Westchester Town Center area, which will increase commerce and attract and retain new business.

C. MARKETING AND PROMOTIONS

Marketing, promotions, and public relations initiatives are intended to develop Westchester Town Center's identity and brand to convey a positive image to consumers and investors. Such initiatives may include, but are not limited to, the following: street banners; holiday decorations; a website; a newsletter; special printing, graphics or advertising; public relations activities; special events or activities; placement of promotional materials in various media; creation and operation of "shop local" incentive programs; etc. The District may use any effective media for these initiatives.

These marketing and promotions initiatives are intended to increase pedestrian and automobile traffic within the Westchester Town Center area, which will increase commerce and attract and retain new business.

D. NEW BUSINESS ATTRACTION

New business attraction efforts are intended to provide growth and new opportunities for Westchester Town Center property and business owners. These efforts may focus on specific new businesses or general future expansion that significantly affects the District, and may be undertaken by District employees or contractors. This effort is intended to increase the number of businesses located within the District area as well as pedestrian and automobile traffic within it, which will increase commerce and attract and retain new business.

E. POLICY DEVELOPMENT, DISTRICT MANAGEMENT, & ADMINISTRATION

Development of policies that seek to promote Westchester Town Center business, and effective and efficient District management / administration are the intended goals of this program. Policy development efforts may occur at a number of levels: within the business improvement district organization; within other community based organizations; at City Hall and its various departments; in Sacramento; and nationally. The District will seek grant funding and non-assessment financial support through this program. The District will seek “co-partnerships” with governmental, non-profit, and private sector organizations. The District will be managed / administered by a professional manager who may utilize administrative and technical support as needed. Positions that may be utilized by the District, include, but are not limited to, the following: an executive director, clerical assistance, field maintenance assistance, and an ambassador. These positions may be either District employees or contract service providers as determined by the best interests of the District.

The net effect of effective policy development and District management / administration will be increased pedestrian and automobile traffic within the District area, which will increase commerce and attract and retain new business.

F. OFFICE, INSURANCE, ACCOUNTING & OTHER

Various District office supply, material, insurance, accounting, bookkeeping, service, rental, and other necessary expenses are included in this budget category. All of these expense items support the attraction of additional pedestrian and automobile traffic to the District, which will increase commerce and attract and retain new business.

WESTCHESTER PBID SERVICE PLAN MULTI YEAR BUDGET

2012 - 2016

Item	Year #6	Year #7	Year #8	Year #9	Year #10
I. Beginning Balance, Carryover, & Accrued Int.	\$0	As Needed	As Needed	As Needed	As Needed
II. Annual Budget Costs					
A. Ambassador	\$36,600	37,698	\$38,829	\$39,994	\$41,194
B. Landscape Maintenance, Sanitation, & Beautification	\$101,006	104,036	107,157	110,372	113,683
- Non-Sepulveda Maintenance	\$46,006	47,386	48,808	50,272	51,780
- Sepulveda Boulevard Maintenance	\$55,000	56,650	58,350	60,100	61,903
C. Marketing & Promotions	\$53,000	54,590	56,228	57,915	59,652
D. New Business Attraction	\$10,000	10,300	10,609	10,927	11,255
E. Policy Dev, Management & Administration	\$62,000	63,860	65,776	67,749	69,782
F. Office, Insurance, Accounting & Other	\$34,000	35,020	36,071	37,153	38,267
Sub Total	\$296,606	\$305,504	\$314,669	\$324,109	\$333,833
H. Uncollected Assessment Reserve	\$10,000	10,300	10,609	10,927	11,255
Sub Total	\$306,606	\$315,804	\$325,278	\$335,037	\$345,088
I. Contingency & Cash Flow Reserve	\$0	\$0	\$0	\$0	\$0
III. GRAND TOTAL BUDGET	\$306,606	\$315,804	\$325,278	\$335,037	\$345,088

NOTE: The District will endeavor to reduce and/or supplement budgeted expenditures through donations and prudent management practices. All District assessments are subject to inflationary increases based upon movement in the Los Angeles – Orange – Riverside Consumer Price Index for All Urban Consumers, not to exceed three per cent (3%) per fiscal year. The maximum assessment level is assumed above. Some shifting of actual expenditures from the above budget may occur. The District Fiscal Year will be January 1 through December 31 of each calendar year. Contingency and cash flow reserve funds may be used in any fiscal year. Unexpended assessments or incomplete projects from one fiscal year may be carried forward and rebudgeted for subsequent fiscal years for any approved District purpose. Unexpended assessment revenues from

WESTCHESTER PBID SERVICE PLAN MULTI YEAR BUDGET

2017 - 2021

Item	Year #11	Year #12	Year #13	Year #14	Year #15	TOTAL
I. Beginning Balance, Carryover, & Accrued Int.	\$0					
II. Annual Budget Costs						
A. Ambassador	\$42,429	43,702	\$45,013	\$46,364	\$47,755	\$225,264
B. Landscape Maintenance, Sanitation, & Beautification	\$117,094	120,606	124,225	127,951	131,790	\$621,666
- Non-Sepulveda Maintenance	\$53,334	54,934	56,582	58,279	60,027	\$283,155
- Sepulveda Boulevard Maintenance	\$63,760	65,673	67,643	69,672	71,763	\$338,511
C. Marketing & Promotions	\$61,442	63,285	65,183	67,139	69,153	\$326,201
D. New Business Attraction	\$11,593	11,941	12,299	12,668	13,048	\$61,547
E. Policy Dev, Management & Administration	\$71,875	74,031	76,252	78,540	80,896	\$381,594
F. Office, Insurance, Accounting & Other	\$39,415	40,598	41,816	43,070	44,362	\$209,261
Sub Total	\$343,848	\$354,163	\$364,788	\$375,732	\$387,004	\$2,447,200
H. Uncollected Assessment Reserve	\$10,000	10,300	10,609	10,927	11,255	\$53,091
Sub Total	\$353,848	\$364,463	\$375,397	\$386,659	\$398,259	\$2,500,291
I. Contingency & Cash Flow Reserve	\$0	\$0	\$0	\$0	\$0	\$0
III. GRAND TOTAL BUDGET	\$353,848	\$364,463	\$375,397	\$386,659	\$398,259	\$2,500,291

NOTE: The District will endeavor to reduce and/or supplement budgeted expenditures through donations and prudent management practices. All District assessments are subject to inflationary increases based upon movement in the Los Angeles - Orange - Riverside Consumer Price Index for All Urban Consumers, not to exceed three per cent (3%) per fiscal year. The maximum assessment level is assumed above. Some shifting of actual expenditures from the above budget may occur. The District Fiscal Year will be January 1 through December 31 of each calendar year. Contingency and cash flow reserve funds may be used in any fiscal year. Unexpended assessments or incomplete projects from one fiscal year may be carried forward and rebudgeted for subsequent fiscal years for any approved District purpose. Unexpended assessment revenues from District operations may be carried forward and rebudgeted for any renewal term.

V. PROPOSED MANAGEMENT DISTRICT ASSESSMENT FORMULA

Revenues to fund District Service Plan costs will be generated by an annual assessment against each parcel in the District. The amount of the assessment against each parcel reflects the relative special benefit that parcel will derive from District services.

The annual rate of the assessment will be \$0.0605 per square foot of lot size for parcels fronting on Sepulveda Boulevard and \$0.0303 per square foot of lot size for parcels fronting on other streets; \$0.0895 per square foot of improvement for parcels fronting on Sepulveda Boulevard and \$0.0447 per square foot of improvement for parcels fronting on other streets; \$7.6400 per linear foot of street frontage on Sepulveda Boulevard, \$3.8200 per linear foot of street frontage on other streets. Assessment rates will be adjusted annually according to the change in the Consumer Price Index for Los Angeles-Orange-Riverside for All Urban Consumers, but this adjustment will not exceed three per cent (3%) per fiscal year.

These assessment rates were designed so that one-third (33.33%) of the total assessment will be based on lot size, one-third (33.33%) will be based on improvement size, and one-third (33.33%) based on street frontage. These three factors, taken together, better reflect the benefits derived by different types of land uses and parcels than would any single factor. The differential rates for lot size, improvement size, and frontage on different streets reflects the fact that Sepulveda Boulevard is the pedestrian hub of the area, so a parcel with frontage on this street derives a higher level of benefit than does a parcel with similar frontage on another street in the District.

Assessment rates will be adjusted annually to reflect changes in the Consumer Price Index for Los Angeles-Orange-Riverside for All Urban Consumers, but this adjustment will not exceed three per cent (3%) per fiscal year.

Fenced vacant lots will be assessed only on the basis of street frontage. For purposes of this paragraph, a "fenced vacant lot" is a parcel meeting all of the following criteria: (i) the parcel has no permanent improvement square footage; (ii) the parcel is fenced from public access; and, (iii) no services are provided to the general public on the parcel. This recognizes that fenced vacant lots, which typically are entirely unused or used solely for storage purposes are: (i) a unique low density use; and, (ii) benefit from street frontage maintenance services, but not more generally from activities designed to attract visitors and customers to the District.

Parcels used exclusively for long term airport parking will be assessed only on the basis of parcel square footage and street frontage. This recognizes: (i) that long term airport parking is a uniquely low density use (i.e. very few customers are on-site at any one-time despite the very large size of the parking structure improvement); and, (ii) that long-term airport parking is a not ancillary to other land uses in the District (i.e. customers of a long-term airport parking business are typically shuttled directly between their cars and airport locations outside of the District).

Multifamily Residential parcels will be assigned benefits on the same basis as other parcels with respect to street frontage and parcel square footage, but at one-half the normal amount for improvement square footage. This recognizes that while apartment buildings are a commercial venture designed to attract tenants, apartment improvements are less intensively used than other improvements and are not used by residential tenants to serve customers.

A list of the proposed assessments for each parcel in the District is included in Appendix 1 of this document.

For a more complete description of the methodology used to determine these rates, please refer to the Engineer's Report for the District, which is incorporated herein by reference, and included in Appendix 2 of this document.

During the ten-year effective term of the District, it is likely that some parcels within the District will be developed with additional commercial improvements or will see the demolition of existing improvements. The assessment against such parcels shall be recalculated beginning with the assessment for the first year following the construction or demolition of improvements. The new assessment against such a parcel shall be calculated pursuant to the formula set forth in the Engineer's Report (see Step 5 on Page ER-13). Pursuant to Government Code Section 53750(h)(3), such recalculation does not constitute an "increase" of assessment that requires the conduct of a new Proposition 218 ballot proceeding. Such a proceeding will be required if the assessment formula itself is changed.

VI. CONTINUATION OF CITY SERVICES / CITYWIDE BASE LEVELS of SERVICE

Throughout the process of establishing the Westchester Town Center PBID, business and property owners have voiced concerns that the City of Los Angeles maintain existing services at "baseline" service levels. The City practice has been to maintain existing municipal services at their present levels, or at such modified levels as may be established in the future, irrespective of District formation. In any case, existing City services will not be replaced or duplicated by new business improvement district services.

VII. PUBLICLY OWNED PARCELS

The State Law requires that all publicly owned parcels within the District be assessed as any other similarly situated private parcel unless the affected public agency demonstrates by clear and convincing evidence that those publicly owned parcels, in fact, receive no special benefit. The publicly owned parcels and their respective annualized assessment amounts for 2012 are shown below:

CITY of LOS ANGELES PARCELS (LOS ANGELES WORLD AIRWAYS)

	APN #	Address	Owner	Total PBID Assessment
1	4122-022-928	N/A per Assessor Data	LA City	\$3,331.03
2	4122-024-916	N/A per Assessor Data	LA City	\$4,728.86
3	4124-002-916	N/A per Assessor Data	LA City	\$1,887.07
		City of Los Angeles (3.31% of total assessments)	Sub Total	\$9,946.96

VIII. PROPOSED IMPLEMENTATION TIMETABLE

The following timetable is proposed for the Westchester Town Center business improvement district renewal:

<u>DATE</u>	<u>ACTIVITY</u>
November 2010	Draft Management District Plan / Engineer's Report.
November 2010	Approval of all assessment data by City Clerk's Office.
December 2010	Final Management District Plan / Engineer's Report.
January 2011	Petitions circulated to all property owners.
February 2011	Petitions submitted to City Clerk's Office & City Council.
April 2011	City Council adoption of Ordinance of Intention to Form BID.
May 2011	Proposition 218 ballot election.
June 2011	Final City Council hearing and ballot counting.
June 2011	First reading of Ordinance Establishing PBID.
July 2011	Approval of new City Contract for BID administration. City Clerk initiates PBID assessment collection process for initial year.
December 2011	Original BID ceases operations.
January 2012	Renewed BID begins program of operations.

As provided by State Law, the new Westchester Town Center business improvement district will have a set term of ten (10) years. The District's term will be January 1, 2012 through December 31, 2021. At the end of that period, the District may be renewed as permitted by State Law. If the District is not renewed or is otherwise terminated for any reason, all unexpended assessment funds will be returned to property owners as required by State Law.

IX. DISTRICT GOVERNANCE

State Law establishes a framework for District governance with City Council oversight and local, private sector management as described below:

A. Owner's Association

The City will enter into a contract with a private, non-profit entity designated as an "owner's association" to administer and implement services, improvements, and programs described in the Management District Plan. The owner's association may be an existing or newly formed nonprofit entity. The owner's association will be a private entity, governed by a Board of Directors and created pursuant to its adopted By-Laws. Notwithstanding this, the owner's association will observe the requirements of the Ralph M. Brown Act that establishes standards for public meetings and the California Public Records Act that establishes standards for maintaining public records concerning District operations. Among its other responsibilities, the Owner's Association will prepare an annual report with respect to District operations as required by Section 36650 of the State Law.

B. Professional Staff

The Board of Directors of the owner's association will employ an Executive Director whose duty it is to implement all of the services, improvements, and programs; and, to supervise all subordinate District staff on a day-to-day basis. The Executive Director is responsible to the Board of Directors through their policy direction and budgets.

C. Staff Neutrality

The professional staff is charged by the Board of Directors with a mission of performing administrative functions in the most efficient and effective manner possible. At times, District assessment payers may have conflicting needs or desires that may be dependent upon a staff choice or decision. In such circumstances, if the Board of Directors has not clearly provided direction, staff should refer such choices to the Board of Directors for decision.

Appendix 1:

PBID Property Information & 2012 Assessments

Appendix 2:

Proposition 218 Engineer's Report

WESTCHESTER TOWN CENTER

PROPERTY BUSINESS IMPROVEMENT DISTRICT

ENGINEER'S REPORT

*Prepared November 2010 pursuant to the State of California
Property and Business Improvement District Law of 1994
to adopt a Management District in the Westchester Town Center area, a community within the
City of Los Angeles*

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ENGINEER'S REPORT

Introduction

This report shall serve as the “detailed engineer’s report” required by Section 4(b) of Article XIID of the California Constitution (Proposition 218) to support the benefit assessments proposed to be levied annually beginning in January 2012 and through and including December 2021 within the Westchester Town Center Property Business Improvement District (the “District”). The assessments levied in connection with the District will be levied against parcels of real property, not businesses.

Background

The District is a property-based assessment District established pursuant to the Property and Business Improvement District Law of 1994 (Streets & Highways Code Section 36600 *et seq.*; hereinafter “State Law”). The State Law authorizes an assessment to fund various services, activities, improvements, and programs (referred to herein collectively as “Services”), provided in connection with a Business Improvement District. The costs of these Services are distributed among all parcels benefiting from the Services based on the proportional benefit each receives from the improvements provided. Only those properties expected to benefit from funded Services may be assessed.

This Engineer’s Report was prepared in support of the Management District Plan for the District. Reference is made to the Management District Plan (which is incorporated herein by reference) for a more complete description of the improvements to be funded with the proposed assessment.

Proposition 218 Requirements

Article XIID of the California Constitution, approved by the voters in 1996 as Proposition 218, requires that assessment methodologies meet certain requirements. Key provisions of Proposition 218 together with a description of how the District complies with each are described below.

Finding 1: “Identify all parcels which have a special benefit conferred upon them and upon which an assessment will be imposed” (From Section 4(a)).

There are 127 identified parcels within the District that will specially benefit from its proposed Services. These parcels are shown on the boundary map of the District contained within the Management District Plan, and listed in an attachment to the Management District Plan and this Engineer’s Report. This list identifies these parcels by Assessor’s Parcel Number, property owner name, and site address.

Parcels were identified for inclusion based upon their location. The purpose of the proposed District is to provide Services to parcels in the Westchester Town Center commercial area, located along Sepulveda Boulevard between just South of 92nd Street and just North of Manchester Avenue. Like many commercial areas in Los Angeles, the Westchester Town Center is a narrow strip, which is approximately one block deep on each side of Sepulveda Boulevard and substantially surrounded by residential neighborhoods. Consequently, as a general rule, all parcels located within a block of Sepulveda Boulevard (along with airport parcels facing the commercial district) were included in the District, while the surrounding residential neighborhoods were not. Along Manchester Avenue, the Eastern boundary was extended out a second short block in order to include the entire commercial area. Parcels zoned solely for residential use are excluded from the District or not assessed because, pursuant to Section 36632(c) of the Law, they are deemed not to benefit from District activities.

In order to ensure that parcels outside of the District will not specially benefit from the Services funded with the assessment, Services will only be provided within the boundaries of the District. Specifically, ambassador patrols, landscaping staff, maintenance / sanitation personnel, and similar service providers employed in connection with the District will only patrol and provide services on the streets and sidewalks within the District and will not provide services outside of District boundaries. Similarly, the District will not fund new landscaping, street furniture or streetscape improvements outside of the boundaries of the District, nor will District promotional efforts promote activities outside of District boundaries. All District programs are intended to promote commercial vitality, and to attract and retain new business within the District.

Parcels outside of the District that are in residential use will not specially benefit from District Services because the Services will not be provided on the street or sidewalk fronting such parcels. Therefore, these residential parcels will be physically remote from the Services — patrols will not go in front of such parcels and maintenance / sanitation crews will not clean in front of such parcels. Furthermore, homes, apartments and other structures solely used as residences, and outside of the commercial area encompassed by the District, will not specially benefit from the marketing and policy-making services that will be geared towards the commercial use parcels within the District. These services will be marketing the office, retail, and multifamily residential opportunities in the District, not the residential opportunities outside of it. Additionally, the State Law conclusively presumes that parcels zoned solely for residential use receive no special benefit from programs and services funded under it.

Parcels outside of the District that are in commercial, community service, or parkway landscape use, will not specially benefit from District Services because Services will not be provided on the street or sidewalk fronting such parcels. Therefore, these commercial, community service, or parkway landscape parcels will be physically remote from the services — patrols will not go in front of such parcels and maintenance / sanitation crews will not clean in front of such parcels. These commercial, community service, or parkway landscape parcels are best understood as parts of other commercial or residential Districts that surround the Westchester Town Center, not as part of this District.

Parcels outside of the District that are airport-related will not specially benefit from District Services because Services will not be provided on the street or sidewalk fronting such parcels. Therefore, these commercial and community service parcels will be physically remote from the services — patrols will not go in front of such parcels and maintenance / sanitation crews will not clean in front of such parcels. These airport-related parcels, principally fenced parking, industrial, and landscaping parcels, are best understood as part of the Los Angeles International Airport complex that extends far to the South of the District, and not as part of the District itself. The airport is a regional facility, with services that are geared towards the inter-regional movement of persons and cargo. The airport conducts extensive outreach and marketing independently of the Westchester Town Center. Moreover, District marketing and policy making services will provide no special benefits to these parcels because they will: (i) be geared towards the commercial use parcels within the District, (ii) attempt to create an identity for that District, and (iii) not directly promote the airport.

The following narrative explains how specific boundary locations were determined.

Northern Boundary

- The Northern boundary of the District to the East of Sepulveda Boulevard was selected to include all commercially zoned properties located within one and one-half blocks of the Sepulveda Boulevard commercial corridor, and to exclude all residential parcels. Parcel 4107-035-017, which is included in the District, is a multi-story medical office building. A small ancillary residentially zoned parcel 4107-035-018 is included within the District and not assessed. All other parcels located North of the District boundary (i.e. outside of the District) are developed with single-family residences, and zoned solely residential. No services will be provided outside of the District's boundaries.
- The Northern boundary of the District to the West of Sepulveda Boulevard was selected to include all commercially zoned properties located within one block of the Sepulveda Boulevard commercial corridor, and to exclude all residential properties, as described below. Parcels 4108-019-028 and -029, which are included in the District, are commercially zoned restaurant and auto service use parcels. Parcels to the North and West of the District boundary (i.e. outside the District) are zoned solely residential or are developed as multi-family residential or as a parkway landscaping. These parcels are best understood as being part of a separate residential neighborhood to the North of the District. They will not specially benefit from District Services and are therefore not part of the District. No services will be provided outside of the District's boundaries.

Eastern Boundary

- The Eastern boundary along La Tijera Boulevard was chosen to include the commercial parcels West and Southwest of the Manchester Avenue intersection

that are located within the core commercial corridor, and to exclude residential parcels to the East and Southeast. The parcels located East and Southeast of the intersection at La Tijera Boulevard and Manchester Avenue are single-family residential homes, zoned solely residential, which will receive no special benefit from District operations. No services will be provided in connection with the proposed District to outside of the District's Boundaries.

- The Eastern boundary along La Tijera Boulevard at its intersection with Sepulveda Eastway was chosen to include the commercial parcels to the West of Sepulveda Eastway that are located within one (1) block of the Sepulveda Boulevard commercial corridor, and to include the church / nursery / school parcels to the East. Further South, the Eastern boundary along Sepulveda Eastway was chosen to include the commercial parcels to the West that are located within one (1) block of the Sepulveda Boulevard commercial corridor, and the commercial apartment parcel, and redeveloped commercial dance studio on the East side of Sepulveda Eastway that will receive special benefit from District operations. The parcels beyond this boundary are part of the cluster of residential uses to the East of the District. No services will be provided outside of the District's Boundaries.
- The Eastern boundary along Sepulveda Eastway at its intersection with Westchester Parkway was chosen to include the commercial parcels to the West that are located within one (1) block from the Sepulveda Boulevard commercial corridor, and to include fenced airport related parking lots and an industrially zoned office building to the East and Southeast that face the Westchester Town Center commercial area. Parcels beyond the boundary are airport-related parcels unconnected with the Westchester Town Center commercial area. No services will be provided beyond the District's Boundaries.

Southern Boundary

- The Southern boundary of the District was drawn to include all commercial parcels located within one (1) block of the Sepulveda Boulevard commercial corridor, and to include fenced LAX parcels and an airport gateway-landscaping parcel further South and West that face the Westchester Town Center commercial area. Parcels beyond the boundary are airport-related parcels unconnected with the Westchester Town Center commercial area. No services will be provided beyond the District's Boundaries.

Western Boundary

- The Western boundary of the District along Sepulveda Westway at Westchester Parkway was selected to include all commercially zoned properties located within one (1) block from the Sepulveda Boulevard commercial corridor, and include the fenced airport-related properties located further West. This airport parcel 4122-022-928 is master planned for development with a mixed use commercial business and

faces the Westchester Town Center commercial area. Parcels beyond the boundary are airport-related parcels unconnected with the Westchester Town Center commercial area. No services will be provided beyond the District's Boundaries.

- The Western boundary of the District along Sepulveda Westway North of 88th Street was selected to include all commercially zoned properties located within one (1) block of the Sepulveda Boulevard commercial corridor, and exclude all residential properties in residential use. Parcels to the West of the District boundary are zoned solely for residential use and developed with single-family residences (APN 4122-002-002 through -003, -008, -014, -017 through -018, -020 through -022, -024 through -027; and APN 4122-003-015 through -016). No services will be provided in connection with the proposed District to the West of the District's Boundaries.

Finding 2: "Separate the general benefits from the special benefits conferred on parcel(s). Only special benefits are assessable." (From Section 4(a)).

Proposition 218 defines "special benefit" to "mean a particular and distinct benefit over and above general benefits conferred on real property located in the District or to the public at large. General enhancement of property value does not constitute 'special benefit.'" The Services of the District are designed to provide targeted benefits to specific parcels. These services are tailored to confer special benefits on particular parcels, not the general public. For example, the proposed ambassador program is targeted to focus on services of interest to commercial property-owners and their tenants (aiding pedestrians seeking directions to business locations, watching out for conditions endangering the security and safety of businesses and their customers). Similarly, the proposed maintenance program is focused on sidewalk cleaning, trash removal, graffiti removal, and cleaning at the properties that are assessed. Marketing and promotions efforts of the District are targeted to increase economic activity within the assessment area. No District services will be provided outside the District boundaries.

The proposed District Services provide, at most, *de minimus* general benefits (benefit to properties in the surrounding community, to the public, or to persons and property generally). The District funds services over and above those already provided by the City within the boundaries of the District. These services are provided only to the properties within the District, not to the public at large. General benefits, if any, to the surrounding community and the public in general are *de minimus*, intangible and unquantifiable.

The improvements and activities (ambassador, maintenance, cleaning, beautification, marketing, promotions, etc) to be provided by the District are designed to meet specific needs of the property owners to improve business within the District area and provide special benefits to the properties. Improving the business environment supports the goals and objectives established by the property owners in creating the District. The City of Los Angeles will continue to provide police protection, maintenance services, and social services within the District area to the extent that the City provides these services elsewhere throughout the community.

No parcels zoned for solely residential use have been assessed within the District.

Finding 3: “[Determine] the proportionate special benefit derived by each parcel in relationship to the entirety of the... cost of public improvement(s) or the maintenance and operation expenses...or the cost of the property related service being provided.” (From Section 4(a)).

Parcels in the District will benefit from the Services provided in connection with the District because these Services are designed to increase pedestrian and automobile traffic and building occupancies thereby increasing demand for and utilization of retail and commercial property within the District. The services are intended to transform the District into a safe, vibrant, extended-hour community.

Three factors (lot size, improvement size, and street frontage) were chosen to calculate the special benefit allocable to each parcel in the District.

Lot size is a measurement both of the potential for future development on a parcel to meet customer and tenant demand, and of the present capacity of the parcel’s street level areas to accommodate customers and tenants. Street level space benefits strongly from business improvement district services and improvements because such space is more readily used for retail space, lobby services, and surface parking facilities that are especially sensitive to increases in customer demand.

The size of the improvements on a parcel is a measurement of the capacity of that parcel to currently serve the demand of customers and of retail, commercial and residential tenants.

Frontage is a vital measure because it indicates the amount of the parcel that is directly accessible to and visible from the street. The more frontage a parcel has, the larger the area of sidewalk is in front of the parcel to be patrolled and cleaned in connection with District services. Parcels with larger frontages derive high levels of benefit from programs designed to increase pedestrian foot traffic (such as ambassador programs) because frontage is a measure of the capacity of a space to see and be seen from the street, which is especially important for retail and similar uses generally located at street level.

Because Sepulveda Boulevard is the pedestrian hub of the area (and will be a focus of ambassador, maintenance, and cleaning services), a parcel with frontage on this street derives a higher level of benefit than does an otherwise similar parcel fronting on another streets in the District.

Combining these three factors gives a far better picture of the benefits than could be derived from just one or two of the factors. Each factor is weighted equally in quantifying the benefits any particular parcel would receive.

Three types of parcels require special analysis in order to avoid overstating the benefits they receive.

Parcels used exclusively for *Long Term Airport Parking* will be assigned benefits based solely on parcel square footage and street frontage. This recognizes: (i) that long term airport parking is a uniquely low density use (i.e. very few customers are on-site at any one-time despite the very large size of the parking structure improvement); and, (ii) that long-term airport parking is not ancillary to other land uses in the District (i.e. customers of a long-term airport parking business are typically shuttled directly between their cars and airport locations outside of the District).

Fenced Vacant Lots will be assigned benefits based solely on street frontage. For purposes of this paragraph, a “fenced vacant lot” is a parcel meeting all of the following criteria: (i) the parcel has no permanent improvement square footage; (ii) the parcel is fenced from public access; and, (iii) no services are provided to the general public on the parcel. This recognizes that fenced vacant lots, which typically are entirely unused or used solely for storage purposes are: (i) a unique low density use; and, (ii) benefit from street frontage maintenance services, but not more generally from activities designed to attract visitors and customers to the District.

Multifamily Residential parcels will be assigned benefits on the same basis as other parcels with respect to street frontage and parcel square footage, but at one-half the normal amount for improvement square footage. This recognizes that while apartment buildings are a commercial venture designed to attract tenants, apartment improvements are less intensively used than other improvements and are not used by residential tenants to serve customers.

The Special Benefit & Assessment Analysis section of this Report discusses the exact formula used to calculate the benefits.

Finding 4: “No assessment ...shall exceed the reasonable cost of the proportional special benefit conferred on parcel(s).” (From Section 4(a)).

The total amount to be assessed will not exceed the estimated reasonable cost of the program. Because each parcel will be assessed in proportion to its share of the total benefit created by the program, no assessment will exceed the reasonable cost of the proportional special benefit conferred on the parcel.

Finding 5: “Parcels...that are owned or used by any (public) agency shall not be exempt from assessment.” (From Section 4(a)).

All parcels owned by public agencies will be assessed at the same rate as private parcels of the same size, location and use. This includes the parcels in the District that are owned by the City of Los Angeles. The methodology for these assessments is set forth in Finding 4.

The publicly-owned parcels in the District are listed below:

CITY of LOS ANGELES PARCELS

	APN #	Address	Owner	Total PBID Assessment
1	4122-022-928	N/A per Assessor Data	LA City	\$3,331.03
2	5547-026-900	N/A per Assessor Data	LA City	\$4,728.86
3	5547-026-901	N/A per Assessor Data	LA City	\$1,887.07
		City of Los Angeles (3.31% of total assessments)	Sub Total	\$9,946.96

Finding 6: “All assessments must be supported by a detailed engineer’s report prepared by a registered professional engineer certified by the State of California.” (From Section 4(b)).

This report is the “detailed engineer’s report” to support the assessments proposed to be levied within the Westchester Business Improvement District.

Special Benefit & Assessment Analysis

A six (6)-step process for determining Westchester Town Center assessments has been used as delineated below.

Step 1: Select “benefit units.”

Because the assessment against each parcel must reflect the special benefit that parcel derives from the District's programs and activities, the first step in designing an assessment methodology was to assign "benefit units" to different attributes of parcels. The assignment of benefit units reflects the relative levels of benefit discussed in "Finding 3", above. Thus, for example, because it has been determined that a linear foot of street frontage on Sepulveda Boulevard will derive twice as much street frontage benefit as a linear foot of frontage on any other street in the District.

There are three types of benefit units:

A. Lot Benefit Units:

Each parcel fronting on Sepulveda Boulevard was allocated one Lot Benefit Unit for each square foot of the parcel's surface area. Each parcel fronting on any other street located in the District was allocated .5 Lot Benefit Unit for each square foot of the parcel's surface area. No Lot Benefit Units are assigned for Fenced Vacant Lots.

B. Building Benefit Units:

Each parcel fronting on Sepulveda Boulevard was allocated one Building Benefit Unit for each square foot of improvements. Each parcel fronting on any other street located in the District was allocated .5 Building Benefit Units for each square foot of improvements. Multifamily Residential Parcels are assigned one-half of the Building Benefit Units that would otherwise be assigned. No Building Benefit Units are assigned for Long-Term Airport Parking Parcels or Fenced Vacant Lots.

C. Frontage Benefit Units:

Each parcel fronting on Sepulveda Boulevard was allocated one Frontage Benefit Unit for each linear foot of the parcel's frontage on Sepulveda Boulevard. Each parcel fronting on any other street located in the District was allocated .5 Frontage Benefit Units for each linear foot of the parcel's frontage on any other street located in the District.

Step 2: Calculate the benefit units for each property.

The number of each type of benefit unit allocated to each identified benefiting parcel within the Westchester Town Center was determined from data obtained from the County of Los Angeles and third party real estate data service providers. These data sources provide Assessor Parcel Numbers, ownership, address, parcel size, gross building size, street front footage, and other needed information. This data provides a basis for calculating property-based assessments. All relevant data being used in assessment calculations has been provided, or attempted to be provided, to each property owner in the District for their review. All known or reported discrepancies or errors have been corrected.

Step 3: Quantify total basic benefit units.

In aggregate, there are 1,655,416 Lot Benefit Units; 1,120,144 Building Benefit Units; 13,116 Frontage Benefit Units.

Step 4: Calculate "Basic Benefit Unit Cost" for special benefits.

The annualized cost of the services and improvements to be provided by the District during 2012 is \$306,606 per year (before inflation adjustments). \$100,201.98 of these costs will be allocated based on Lot Benefit Units; \$100,201.98 based on Building Benefit Units; and \$100,201.98 based on Frontage Benefit Units.

The cost per benefit unit is therefore as follows:

A. Lot Benefit Units:

$$\$100,201.98 / 1,655,416 = \$0.0605 \text{ per Lot Benefit Unit}$$

B. Building Benefit Units:

$$\$100,201.98 / 1,120,144 = \$0.0895 \text{ per Building Benefit Unit}$$

C. Frontage Benefit Units:

$$\$100,201.98 / 13,116 = \$7.6400 \text{ per Frontage Benefit Unit}$$

Step 5: Determine Assessment Formula.

Combining the calculations from Steps 1 and 4, the assessment formula is therefore:

District assessment formula (for most parcels)= (\$0.0605 X square feet of parcel size on Sepulveda Boulevard) + (\$0.0895 X square feet of improvements on Sepulveda Boulevard) + (\$7.6400 X linear feet of frontage on Sepulveda Boulevard) + (\$0.0303 X square feet of parcel size on any other street) + (\$0.0447 X square feet of improvements on any other street) + (\$3.8200 X linear feet of frontage on any other street).

District assessment formula (for Multifamily Residential Parcels)= (\$0.0605 X square feet of parcel size on Sepulveda Boulevard) + (\$0.0447 X square feet of improvements on Sepulveda Boulevard) + (\$7.6400 X linear feet of frontage on Sepulveda Boulevard) + (\$0.0303 X square feet of parcel size on any other street) + (\$0.0224 X square feet of improvements on any other street) + (\$3.8200 X linear feet of frontage on any other street).

District assessment formula (for Long Term Airport Parking Parcels)= (\$0.0605 X square feet of parcel size on Sepulveda Boulevard) + (\$7.6400 X linear feet of frontage on Sepulveda Boulevard) + (\$0.0303 X square feet of parcel size on any other street) + (\$3.8200 X linear feet of frontage on any other street).

District assessment formula (for Fenced Vacant Lots)= (\$7.6400 X linear feet of frontage on Sepulveda Boulevard) + (\$3.8200 X linear feet of frontage on any other street).

Step 6. Spread the Assessments

The resultant assessment spread calculations for each parcel within the District are shown in an attachment to the Management District Plan and were determined by applying the

District assessment formula to each benefiting property. This list of all identified benefiting parcels in the District area delineates each parcel and benefit units for parcel area and linear street frontage along Sepulveda Boulevard and benefit units for parcel area, gross building area, and linear street frontage along Sepulveda Boulevard and other streets.

During the ten-year effectiveness of the District, it is likely that some parcels within the District will be developed with additional commercial improvements or will see the demolition of existing improvements. The assessment against such parcels shall be recalculated beginning with the assessment for the first year following the construction or demolition of improvements. The new assessment against such a parcel shall be calculated pursuant to the formula set forth in Step 5 on Page ER-10. Pursuant to Government Code Section 53750(h)(3), such recalculation does not constitute an "increase" of assessment that requires the conduct of a new Proposition 218 ballot proceeding. Such a proceeding will be required if the assessment formula is itself changed.

Assessment rates will be adjusted annually to reflect changes in the Consumer Price Index for Los Angeles-Orange-Riverside for All Urban Consumers, but this adjustment will not exceed three per cent (3%) per fiscal year.

Engineer's Certification

Review of this Management District Plan and preparation of the Engineers Report was completed by:

Robert Merrell, P. E.
State of California
Registered Civil Engineer No. 28100

INSERT ASSESSMENT CHART